



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Ms. Laura Van Buskirk, Director
Placer County Department of Child Support Services
1000 Sunset Boulevard, Suite 200
Rocklin, CA 95765

Re: Countywide Procurement Card Program Audit

Dear Ms. Van Buskirk:

The Internal Audit Division of the Auditor-Controller's Office routinely reviews and/or audits the Procurement Card purchases. After completing the monitoring review for the period of January 1 to June 30, 2019, the Internal Audit Division initiated a compliance audit for the period of July 1, 2019 to March 13, 2020. The objective of the audit was to review Procurement Card usage for compliance with County policies and evaluate the administration of the Procurement Card Program for adequate internal controls.

We reviewed a sample of the Department of Child Support Services' (Department) Procurement Card purchases and related documentation files to ensure the Department's compliance with current policies and procedures, and to determine if adequate internal controls are in place and operating as designed. Based on our monitoring review and compliance audit, we determined there were several instances of non-compliance with County policies and procedures related to Procurement Card purchases, as well as areas where internal controls could be strengthened. Accordingly, our observations and recommendations are as follows.

Observation #1– Purchases were Approved without Adequate Documentation

We identified instances in which the Approvers approved purchases without adequate supporting documentation. For example, we noted that overnight travel costs (e.g., lodging expenses, airfare, etc.) were not supported with an approved Travel Request (TR) or Spend Authorization (SA) in the Wells Fargo system.

Section 3.2 of the Procurement Card Program (PCP) discusses the accountability of Cardholder and Approver and states, "Cardholders shall review their statement of transactions and provide the appropriate documentation for all purchases. All transactions must be submitted and reviewed by the Cardholder within the defined timeframe for each cycle period..... Approvers shall review the Cardholder's transactions and confirm that appropriate documentation is provided, the purchase is

appropriately budgeted, and in accordance with County policies and procedures. All transactions must include the applicable department accounting information and be reviewed by the Approvers within the defined timeframe for each cycle period."

In addition, Section 3.3 of the Procurement Card Program Procedures Manual (PCPPM) states the Limited Program Administrator (LPA) shall "ensure that any needed documentation is attached to each cardholder statement and that the online documentation represents a full and complete summary of all the needed and required documentation to validate the purchases."

Travel Costs were not Supported with TR/SA Number

Example: On 1/23/2020, an employee incurred lodging expense totaling \$198.18 during an out-of-town County business trip. However, we did not find an approved TR or reference of the SA number included in the Wells Fargo system to support the lodging expense.

Section 3.1A¹ of the Meals, Lodging, Travel, and Transportation Policy (MLTTP) states, "With overnight travel, a Travel Request on Official Business form should be completed with the exception of County staff attending Board of Supervisor meetings in Tahoe (or Auburn, for Tahoe staff).

Please note that the revised MLTTP went into effect on 5/5/2020, and it added language to include Spend Authorization which now reads, "With overnight travel, a Travel Request on Official Business form or Spend Authorization should be completed with the exception of County staff attending Board of Supervisors meetings in Tahoe (or Auburn, for Tahoe staff). Travel Requests and Spend Authorizations are a means of documenting approval for estimated travel costs, and for the latter, committing the funds."

Recommendation #1

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation is submitted in the Well Fargo system within the reconciliation period. If the Cardholders cannot review their statements by the grace period, they must notify their Approver in advance and upload proof of the communication in Wells Fargo system. Also, we recommend the Department designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements.

For overnight travel, staff should complete a TR/SA prior to the travel and upload the approved TR in the Wells Fargo system or if SA was used, the SA number should be stated in the "Description" field. We recommend the Approving Officials and LPAs perform a detailed review of the supporting documents to ensure completeness, accuracy, and compliance.

Department's Response:

Child Support Services accepts the recommendations of the Auditor Controller's Office and effective immediately, will ensure that all travel expenses incurred will include proper documentation, including but not limited to travel requests/spend authorizations.

¹ Section 3.1A is now Section 3.1a in the revised MLTTP that was updated on 5/5/2020.

Observation #2– Lack of Detailed Description for Transaction

We found instances in which the Cardholder did not include a detailed description of the transaction to justify the purpose of County business.

Per Section 3.1.1 of the PCPPM, the Cardholder's actions include "adding a detailed description and updating the coding for each transaction."

Example: On 10/21/2019 and 11/8/2019, the Cardholder purchased items at a home improvement store and a wall decal company and did not provide the business purpose for the purchase (e.g., who is the purchase for, what was purchased, and why the purchase was made). Specifically, the Cardholder stated "office supplies" in the description for both transactions.

Recommendation #2

Without a detailed description, the reviewer/approver cannot determine the legitimate business purpose of the transactions. Therefore, we recommend the Cardholder include a detailed description explaining the County business purpose for the purchase in the "Description" field or on the supporting documents uploaded when he/she reconciles the statement. The description should provide sufficient information about the purpose of conducting County business.

Department's Response:

Child Support Services accepts the recommendations of the Auditor Controller's Office and effective immediately will implement a description template for reconciliation of credit card purchases. The template will include the following criteria: (1) county business purpose; (2) who the purchase is for; (3) what was purchased; (4) why the purchase was made.

The Department's responses to the recommendations identified in our audit are included above. We did not audit the responses and accordingly, we do not express an opinion on them.

We appreciate the courtesy and cooperation of the Department's staff throughout the course of the audit.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Jeff Thompson, Administrative and Fiscal Operations Officer
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee